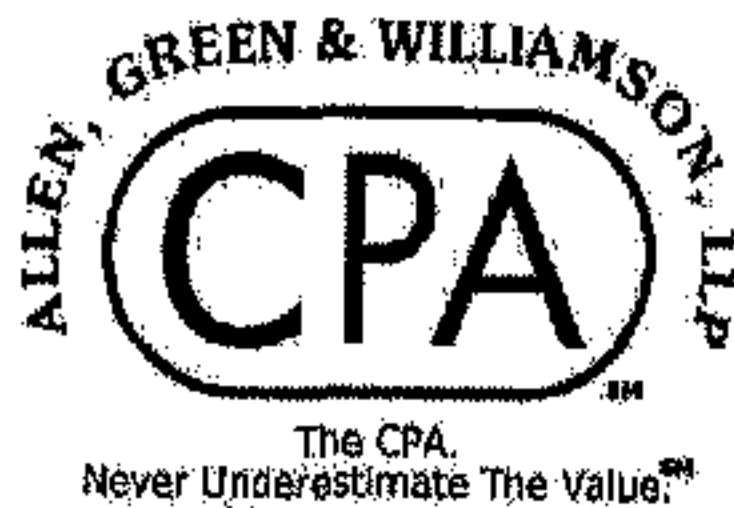


**Housing Authority of the City of Minden
Minden, Louisiana**

**Annual Financial Report
As of and for the Year Ended June 30, 2002**

**Housing Authority of the City of Minden
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1963 - 2000

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Minden
Minden, Louisiana

We have audited the accompanying basic financial statements of the Housing Authority of the City of Minden, Minden, Louisiana, as of and for the year ended June 30, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority, as of June 30, 2002, the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 27, 2002, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the result of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Housing Authority taken as a whole. The accompanying supplemental information, as listed in the table of contents and the schedule of expenditures of federal awards which is required by U. S. Office of Management and Budget Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Also, the accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
September 27, 2002

HOUSING AUTHORITY OF THE CITY OF MINDEN

Combined Balance Sheet - All Fund Types June 30, 2002

Statement A

	PROPRIETARY FUNDS - ENTERPRISE FUNDS -	FIDUCIARY FUNDS - AGENCY FUND -	TOTAL (MEMORANDUM ONLY)
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 515,319	\$ 9,033	\$ 524,352
Investments	228,936	0	228,936
Accounts receivable, net of allowance of \$1,998	67,509	0	67,509
Interest receivable	518	0	518
Prepaid items and other assets	44,183	0	44,183
Inventory	4,456	0	4,456
Total Current Assets	860,921	9,033	869,954
Restricted Assets			
Tenant deposits	22,100	0	22,100
Fixed Assets			
Land, buildings, and equipment (net)	4,261,046	0	4,261,046
TOTAL ASSETS	\$ 5,144,067	\$ 9,033	\$ 5,153,100

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF MINDEN

**Combined Balance Sheet - All Fund Types
June 30, 2002**

Statement A

	PROPRIETARY FUNDS - ENTERPRISE FUNDS -	FIDUCIARY FUNDS - AGENCY FUND -	TOTAL (MEMORANDUM ONLY)
LIABILITIES AND FUND EQUITY			
Current Liabilities			
Accounts payable	\$ 101,111	\$ 9,033	\$ 110,144
Other liabilities	6,793	0	6,793
Compensated absences payable	24,962	0	24,962
Prepaid rent	<u>9,491</u>	<u>0</u>	<u>9,491</u>
Total Current Liabilities	142,357	9,033	151,390
Current Liabilities Payable From Current Restricted Assets			
Deposits due others	22,100	0	22,100
Noncurrent Liabilities			
Compensated absences payable	<u>2,496</u>	<u>0</u>	<u>2,496</u>
Total Liabilities	<u>166,953</u>	<u>9,033</u>	<u>175,986</u>
Fund Equity			
Contributed Capital	3,216,732	0	3,216,732
Retained earnings:			
Unreserved	<u>1,760,382</u>	<u>0</u>	<u>1,760,382</u>
Total Fund Equity	<u>4,977,114</u>	<u>0</u>	<u>4,977,114</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 5,144,067</u>	<u>\$ 9,033</u>	<u>\$ 5,153,100</u>

(CONCLUDED)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF MINDEN

ENTERPRISE FUNDS Combined Statement of Revenues, Expenses, and Changes in Fund Equity For the Year Ended June 30, 2002

Statement B

OPERATING REVENUES

Dwelling rental	\$ 257,748
Other	<u>41,582</u>
Total revenues	<u>299,330</u>

OPERATING EXPENSES

Administration	222,211
Tenant services	2,153
Utilities	44,665
Ordinary maintenance & operations	287,564
General expenses	80,858
Nonroutine maintenance	0
Housing assistance payments	465,156
Depreciation and amortization	<u>343,273</u>
Total operating expenses	<u>1,445,880</u>

Income (loss) from Operations	<u>(1,146,550)</u>
-------------------------------	--------------------

NONOPERATING REVENUES (EXPENSES)

Interest earnings	15,237
Federal grants	1,559,903
Gain or loss on disposition of fixed assets	<u>0</u>
Total nonoperating revenues (expenses)	<u>1,575,140</u>

NET INCOME (Loss) before Transfers	428,590
------------------------------------	---------

Depreciation on fixed assets acquired by contributions	342,729
Gain or loss on disposition of fixed assets	0
Transfers	<u>0</u>

Increase (decrease) in retained earnings	<u>\$ 771,319</u>
--	-------------------

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF MINDEN

ENTERPRISE FUNDS
Combined Statement of Revenues, Expenses,
and Changes in Fund Equity
For the Year Ended June 30, 2002

Statement B

RETAINED EARNINGS AT BEGINNING OF YEAR	\$ <u>989,063</u>
RETAINED EARNINGS AT END OF YEAR	<u>1,760,382</u>
CONTRIBUTED CAPITAL AT BEGINNING OF YEAR	3,559,461
Depreciation transferred from retained earnings	<u>(342,729)</u>
CONTRIBUTED CAPITAL AT END OF YEAR	<u>3,216,732</u>
FUND EQUITY, END OF YEAR	\$ <u>4,977,114</u>

(CONCLUDED)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF MINDEN

ENTERPRISE FUNDS
Combined Statement of Cash Flows
For the Year Ended June 30, 2002

Statement C

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income (loss)	\$ (1,146,550)
Adjustments to reconcile net income (loss) to net cash provided by operating activities	
Depreciation	343,273
Changes in operating current assets and liabilities:	
(Increase) Decrease in accounts receivables	(65,276)
(Increase) Decrease in interest receivables	709
(Increase) Decrease in prepaid items and and other assets	(7,110)
(Increase) Decrease in inventory	(851)
Increase (Decrease) in accounts payables	67,709
Increase (Decrease) in other current liabilities	(949)
Increase (Decrease) in prepaid rent	<u>9,491</u>

NET CASH PROVIDED (USED) BY
OPERATING ACTIVITIES

(799,554)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal grants	1,559,903
Decrease in compensated absences	<u>(83)</u>

NET CASH PROVIDED (USED) BY NONCAPITAL
FINANCING ACTIVITIES

1,559,820

CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES

Purchase fixed assets	<u>(677,156)</u>
-----------------------	------------------

NET CASH PROVIDED (USED) BY CAPITAL
AND RELATED FINANCING ACTIVITIES

\$ (677,156)

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF MINDEN

ENTERPRISE FUNDS
Combined Statement of Cash Flows
For the Year Ended June 30, 2002

Statement C

CASH FLOW FROM INVESTING ACTIVITIES:

(Increase) Decrease in investments	\$ (9,542)
(Increase) Decrease in restricted assets	(374)
Interest earnings	<u>15,237</u>

NET CASH PROVIDED (USED) BY INVESTING
ACTIVITIES

5,321

NET INCREASE (DECREASE) IN CASH AND
CASH EQUIVALENTS

88,431

CASH AND CASH EQUIVALENTS AT BEGINNING
OF YEAR

426,888

CASH AND CASH EQUIVALENTS AT END
OF YEAR

\$ 515,319

(CONCLUDED)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Housing Authority of the City of Minden
Notes to the Basic Financial Statements

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Housing Authority of the City of Minden
Notes to the Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of the City of Minden (the Housing Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Housing authorities are chartered as public corporations under the laws LSA-R.S. 40:391 of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority of the City of Minden is governed by a five-member board of commissioners. The members, appointed by the Honorable Mayor of the City of Minden, serve a staggered term of five years.

The Housing Authority has the following units:

	<u># of Units</u>
PHA Owned Housing	247
Section 8	
Rental Vouchers	137

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a *primary government*, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

GASB Statement No. 14 defines a related organization as an organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. According to this definition, the Housing Authority is a related organization of the City of Minden since the City appoints a voting majority of the Housing Authority's governing board. The City is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Minden. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Minden.

Certain units of local government over which the Housing Authority exercises no oversight responsibility, such as the school board, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Housing Authority. In addition, the accompanying financial statements do not include various resident associations which are legally separate entities.

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the Housing Authority are classified in two categories: proprietary and fiduciary.

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

Housing Authority of the City of Minden
Notes to the Basic Financial Statements

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Housing Authority. The Webster literacy grant fund is an agency fund which accounts for assets held by the Housing Authority as an agent.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

D. BUDGETS

General Budget Policies The Housing Authority adopted budgets for all funds. The budgets for the Capital Fund Programs are multiple-year budgets.

HUD approves all budgets for all HUD-funded programs. The budget is controlled by fund at the function level. Budgetary amendments require approval of the governing body.

All appropriations lapse at year-end.

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

Formal budget integration (within the accounting records) is employed as a management control device.

E. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. INVESTMENTS Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are required/permitted as per GASB Statement No. 31:

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The Housing Authority reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Housing Authority of the City of Minden
Notes to the Basic Financial Statements

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. INVENTORY AND PREPAID ITEMS All inventory items are valued at cost using first-in, first-out method. Inventory is recorded using the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. FIXED ASSETS Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	40 years
Office equipment (other than computers)	5 years
Computers	3 years
Automobiles and trucks	7 years

J. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to 300 hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

K. FUND EQUITY Reservations represent those portions of fund equity that are not appropriable for expenses or legally segregated for a specific future use.

L. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. MEMORANDUM ONLY - TOTAL COLUMNS Total columns on the basic financial statements are captioned as "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in accordance with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - DEPOSITS AND INVESTMENTS At June 30, 2002, the Housing Authority has cash and cash equivalents (book balances) totaling \$775,388 as follows:

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged

Housing Authority of the City of Minden
Notes to the Basic Financial Statements

securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year-end, the Housing Authority's carrying amount of deposits was \$775,388 including restricted deposits of \$22,100, and the bank balance was \$794,029. Of the bank balance, \$198,419 was covered by federal depository insurance. \$506,405 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name (GASB Category 3). The remaining balance of \$89,205 is not secured by the pledge of securities and is a violation of state law.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - RECEIVABLES The receivables of \$67,509, net of allowance for doubtful accounts of \$1,998, at June 30, 2002, are as follows:

<u>Class of Receivables</u>	<u>Total</u>
HUD	\$66,976
Tenants	499
Others	34
Total	<u>\$67,509</u>

NOTE 4 - FIXED ASSETS The changes and balances in fixed assets are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Land	\$ 59,580	\$ 0	\$ 0	\$ 59,580
Site improvements	446,313	0	0	446,313
Buildings and building improvements	9,164,813	445,868	0	9,610,681
Furniture and equipment	605,085	74,012	1,095	678,002
Construction in progress	27,405	603,144	445,868	184,681
Total	<u>10,303,196</u>	<u>1,123,024</u>	<u>446,963</u>	<u>10,979,257</u>
Less accumulated depreciation:				
Site improvements	349,706	258	0	349,964
Buildings and building improvements	5,478,854	325,334	0	5,804,188
Furniture and equipment	547,472	17,682	1,095	564,059
Total	<u>6,376,032</u>	<u>343,274</u>	<u>1,095</u>	<u>6,718,211</u>
Fixed assets, net	<u>\$ 3,927,164</u>	<u>\$ 779,750</u>	<u>\$445,868</u>	<u>\$ 4,261,046</u>

NOTE 5 - RETIREMENT SYSTEM The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to five percent of each participant's basic (excludes overtime) compensation. The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

Housing Authority of the City of Minden
Notes to the Basic Financial Statements

The Housing Authority's total payroll for year ended June 30, 2002, was \$287,003. The Housing Authority's contributions were calculated using the base salary amount of \$286,826. Both the Housing Authority and the covered employees made the required contributions of \$28,683 for the year ended June 30, 2002.

NOTE 6 - ACCOUNTS PAYABLE The payables at June 30, 2002, are as follows:

Vendors	\$ 93,392
Payroll deductions	2,058
Other	<u>5,661</u>
Total	<u><u>\$101,111</u></u>

NOTE 7 - COMPENSATED ABSENCES At June 30, 2002, employees of the Housing Authority have accumulated and vested \$27,458 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. These amounts are recorded as liabilities in the funds from which payment will be made. Following is a summary of the compensated absence transactions for the year:

Balance at beginning of year	\$27,541
Additions	1,497
Deductions	<u>1,580</u>
Balance at end of year	<u><u>\$27,458</u></u>

NOTE 8 - CHANGES IN AGENCY DEPOSITS DUE OTHERS A summary of changes in the Webster Literacy Grant agency fund follows:

Balance at beginning of year	\$13,128
Additions	77
Deductions	<u>4,172</u>
Balance at end of year	<u><u>\$ 9,033</u></u>

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Construction Projects There are certain major construction projects in progress at June 30, 2002. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Grant Disallowances The Housing Authority participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Litigation The Housing Authority is not presently involved in any litigation.

NOTE 10 - RISK MANAGEMENT The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance through the Louisiana Housing Council Authorities Group Self-Insurance Trust. This self-insurance program is a public entity risk pool which has been approved by both the State of Louisiana Insurance Commission and the Department of Housing and Urban Development. The Trust operates as any other commercial insurance company. Five insurance companies currently share the excess coverage insurance. No additional assessments can be made against the Housing Authority. The Housing Authority is responsible only for the premium payments.

NOTE 11 - SUBSEQUENT EVENTS Subsequent to June 30, 2002, there was one event which altered the Board's composition. The Executive Director passed away. An Acting Director was named until such time a job search can be performed to locate a new Executive Director.

HOUSING AUTHORITY OF THE CITY OF MINDEN

**Financial Data Schedule
For the Year Ended June 30, 2002**

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Section 8 Rental Voucher Program	Public Housing Capital Fund Program	Fiduciary	Total
111	Cash - Unrestricted	34,820	341,681	138,818	0	9,033	524,352
114	Cash - Tenant Security Deposits	0	22,100	0	0	0	22,100
100	Total Cash	34,820	363,781	138,818	0	9,033	546,452
122	Accounts Receivable - HUD Other Projects	0	0	16,524	50,452	0	66,976
125	Accounts Receivable - Miscellaneous	0	34	0	0	0	34
126	Accounts Receivable - Tenants - Dwelling Rents	0	2,497	0	0	0	2,497
	Allowance for Doubtful Accounts - Dwelling						
126	Rents	0	(1,998)	0	0	0	(1,998)
126	Allowance for Doubtful Accounts - Other	0	0	0	0	0	0
129	Accrued Interest Receivable	0	75	443	0	0	518
	Total Receivables, net of allowances for doubtful						
120	accounts	0	608	16,967	50,452	0	68,027
131	Investments - Unrestricted	0	196,470	32,466	0	0	228,936
142	Prepaid Expenses and Other Assets	0	44,183	0	0	0	44,183
143	Inventories	0	4,456	0	0	0	4,456
143	Allowance for Obsolete Inventories	0	0	0	0	0	0
150	Total Current Assets	34,820	609,498	188,251	50,452	9,033	892,054
161	Land	0	503,574	0	0	0	503,574
162	Buildings	0	9,610,681	0	0	0	9,610,681
163	Furniture, Equipment & Machinery - Dwellings	0	322,071	0	0	0	322,071
	Furniture, Equipment & Machinery -						
164	Administration	0	305,657	52,593	0	0	358,250
165	Leasehold Improvements	0	0	0	0	0	0
166	Accumulated Depreciation	0	(6,698,706)	(19,505)	0	0	(6,718,211)
167	Construction In Progress	0	0	0	184,681	0	184,681
	Total Fixed Assets, Net of Accumulated						
160	Depreciation	0	4,043,277	33,088	184,681	0	4,261,046
180	Total Non-Current Assets	0	4,043,277	33,088	184,681	0	4,261,046
190	Total Assets	34,820	4,652,775	221,339	235,133	9,033	5,153,100

(continued)

HOUSING AUTHORITY OF THE CITY OF MINDEN

**Financial Data Schedule
For the Year Ended June 30, 2002**

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Section 8 Rental Voucher Program	Public Housing Capital Fund Program	Fiduciary	Total
312	Accounts Payable <= 90 Days	0	25,804	17,136	50,452	0	93,392
321	Accrued Wage/Payroll Taxes Payable	0	1,512	198	0	0	1,710
322	Accrued Compensated Absences - Current Portion	0	24,962	0	0	0	24,962
341	Tenant Security Deposits	0	22,100	0	0	0	22,100
345	Other Current Liabilities	0	9,536	0	0	9,033	18,569
346	Accrued Liabilities - Other	0	7,141	5,616	0	0	12,757
310	Total Current Liabilities	0	91,055	22,950	50,452	9,033	173,490
353	Noncurrent Liabilities - Other	0	0	2,496	0	0	2,496
350	Total Noncurrent Liabilities	0	0	2,496	0	0	2,496
300	Total Liabilities	0	91,055	25,446	50,452	9,033	175,986
504	Net HUD PHA Contributions	0	3,216,732	0	0	0	3,216,732
508	Total Contributed Capital	0	3,216,732	0	0	0	3,216,732
511	Total Reserved Fund Balance	0	0	0	0	0	0
512	Undesignated Fund Balance/Retained Earnings	34,820	1,344,988	195,893	184,681	0	1,760,382
513	Total Equity/Net Assets	34,820	4,561,720	195,893	184,681	0	4,977,114
600	Total Liabilities and Equity/Net Assets	34,820	4,652,775	221,339	235,133	9,033	5,153,100

(continued)

HOUSING AUTHORITY OF THE CITY OF MINDEN

Financial Data Schedule For the Year Ended June 30, 2002

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Section 8 Rental Voucher Program	Public Housing Capital Fund Program	Fiduciary	Total
703	Net Tenant Rental Revenue	0	257,748	0	0	0	257,748
705	Total Tenant Revenue	0	257,748	0	0	0	257,748
706	HUD PHA Operating Grants	0	409,271	537,409	10,079	0	956,759
706	Capital Grants	0	0	0	603,144	0	603,144
711	Investment Income - Unrestricted	130	11,142	3,965	0	0	15,237
715	Other Revenue	27,019	12,332	2,231	0	0	41,582
700	Total Revenue	27,149	690,493	543,605	613,223	0	1,874,470

(continued)

HOUSING AUTHORITY OF THE CITY OF MINDEN

Financial Data Schedule For the Year Ended June 30, 2002

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Section 8 Rental Voucher Program	Public Housing Capital Fund Program	Fiduciary	Total
911	Administrative Salaries	0	91,426	28,824	0	0	120,250
912	Auditing Fees	0	3,294	3,843	0	0	7,137
914	Compensated Absences	0	513	0	0	0	513
915	Employee Benefit Contributions - Administrative	0	28,984	6,902	0	0	35,886
916	Other Operating - Administrative	23,362	27,041	7,405	617	0	58,425
924	Tenant Services - Other	0	2,153	0	0	0	2,153
931	Water	0	33,888	0	0	0	33,888
932	Electricity	0	9,259	0	0	0	9,259
933	Gas	0	1,518	0	0	0	1,518
941	Ordinary Maintenance and Operations - Labor	0	165,671	0	0	0	165,671
942	Ordinary Maintenance and Operations - Materials and Other	0	38,422	0	0	0	38,422
943	Ordinary Maintenance and Operations - Contract Costs	0	12,056	0	1,139	0	13,195
945	Employee Benefit Contributions - Ordinary Maintenance	0	51,526	0	0	0	51,526
961	Insurance Premiums	0	65,428	1,662	0	0	67,090
963	Payments in Lieu of Taxes	0	6,793	0	0	0	6,793
964	Bad Debt - Tenant Rents	0	6,975	0	0	0	6,975
969	Total Operating Expenses	23,362	544,947	48,636	1,756	0	618,701
970	Excess Operating Revenue over Operating Expenses	3,787	145,546	494,969	611,467	0	1,255,769
971	Extraordinary Maintenance	0	18,750	0	0	0	18,750
973	Housing Assistance Payments	0	0	465,156	0	0	465,156
974	Depreciation Expense	0	342,681	592	0	0	343,273
900	Total Expenses	23,362	906,378	514,384	1,756	0	1,445,880
1001	Operating Transfers In	0	454,191	0	0	0	454,191
1002	Operating Transfers Out	0	0	0	(454,191)	0	(454,191)
1010	Total Other Financing Sources (Uses)	0	454,191	0	(454,191)	0	0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	3,787	238,306	29,221	157,276	0	428,590

(continued)

HOUSING AUTHORITY OF THE CITY OF MINDEN

Financial Data Schedule For the Year Ended June 30, 2002

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Section 8 Rental Voucher Program	Public Housing Capital Fund Program	Fiduciary	Total
1101	Capital Outlays Enterprise Fund	0	0	0	0	0	0
1102	Debt Principal Payments - Enterprise Funds	0	0	0	0	0	0
1103	Beginning Equity	31,033	4,323,414	166,672	27,405	0	4,548,524
	Prior Period Adjustments, Equity Transfers						
1104	and Correction of Errors	0	0	0	0	0	0
1112	Depreciation Add Back	0	342,681	48	0	0	342,729
	Maximum Annual Contributions Commitment						
1113	(Per ACC)	0	0	498,459	0	0	498,459
	Prorata Maximum Annual Contributions						
	Applicable to a Period of less than Twelve						
1114	Months	0	0	0	0	0	0
1115	Contingency Reserve, ACC Program Reserve	0	0	128,855	0	0	128,855
1116	Total Annual Contributions Available	0	0	627,314	0	0	627,314
1120	Unit Months Available	0	2,964	1,644	0	0	4,608
1121	Number of Unit Months Leased	0	2,902	1,640	0	0	4,542

(concluded)

HOUSING AUTHORITY OF THE CITY OF MINDEN

ACTUAL MODERNIZATION
COST CERTIFICATE
June 30, 2002

1. The actual Capital Fund program costs is as follows:

	PROJECT LA48P 037 50 100
Funds Approved	\$ 447,868
Funds Expended	<u>447,868</u>
Excess of Funds Approved	<u>0</u>
Funds Advanced	447,868
Funds Expended	<u>447,868</u>
Excess of Funds Advanced	<u>\$ 0</u>

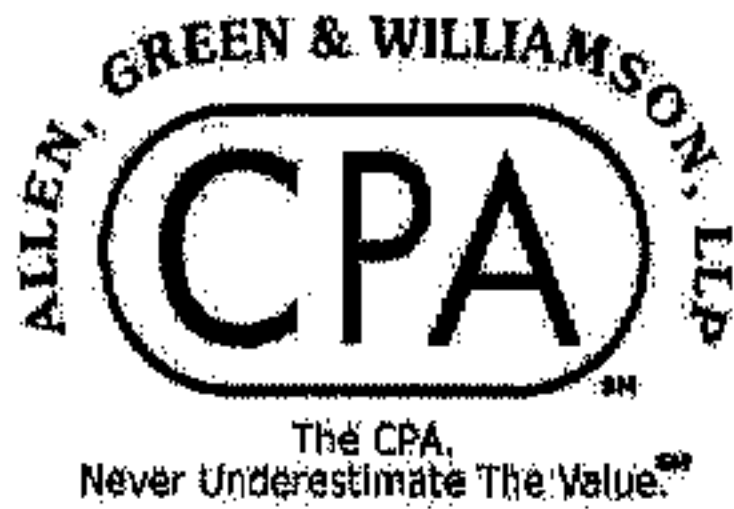
2. The distribution of costs by project as shown on the final schedule of Capital Fund program expenditures dated June 18, 2002 accompanying the actual Capital Fund program cost certificate submitted to HUD for approval is in agreement with the PHA's records.
3. All Capital Fund program costs have been paid and all related liabilities have been discharged through payment.

**Housing Authority of the City of Minden
General**

COMPENSATION PAID BOARD MEMBERS

The members of the Board of Commissioners are as follows:

Larry Johnson, Chairman	\$ 900
Dr. Gary Daniel, Vice Chairman	900
Truvesta Johnson	900
Eugene Martin	900
Angela Wills	<u>900</u>
	<u>\$4,500</u>



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Tim Green, CPA

Margie Williamson, CPA

Ernest L. Allen, CPA
(Retired)
1963 - 2000

**Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

Board of Commissioners
Housing Authority of the City of Minden
Minden, Louisiana

We have audited the financial statements of the Housing Authority of the City of Minden, Minden, Louisiana, as of and for the year ended June 30, 2002, and have issued our report thereon dated September 27, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying Schedule of Findings and Questioned Costs as 02-F2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Housing Authority's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 02-F1.

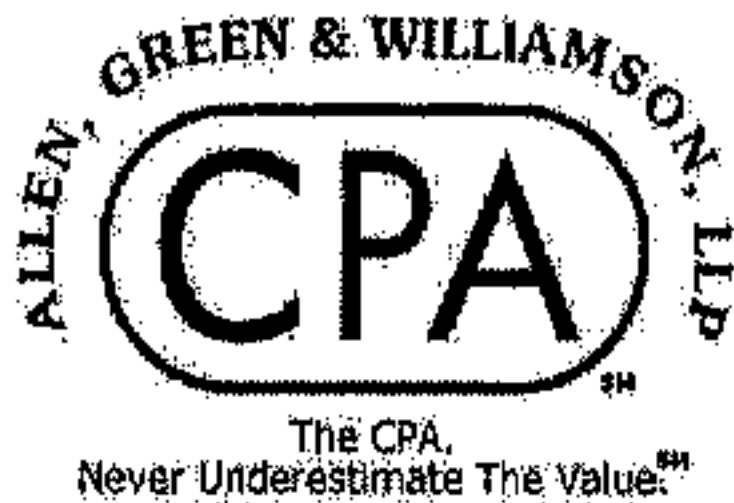
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the Board, management, and the federal awarding agency, and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
September 27, 2002



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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular No. A-133

Board of Commissioners
Housing Authority of the City of Minden
Minden, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the City of Minden, Minden, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB Circular No. A-133) Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular No. A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular No. A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board, management, and the federal awarding agency, and is not intended to be and should not be used by anyone other than these specified parties.

allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
September 27, 2002

**Housing Authority of the City of Minden
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>
United States Department of Housing and Urban Development			
Direct Programs			
Public and Indian Housing			
Operating Subsidy	14.850	FW2026	\$ 409,271
Section 8 Rental Vouchers Program	14.855	FW2026	537,409
Public Housing Capital Fund Program	14.872	FW2026	<u>613,223</u>
Total			<u>\$1,559,903</u>

Housing Authority of the City of Minden
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

Nonoperating revenues
Federal grants

\$1,559,903

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - FEDERAL AWARDS For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority operating income from rents or investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

**Housing Authority of the City of Minden
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002**

PART I - Summary of the Auditors' Results

Financial statement audit

- i. The type of audit report issued was unqualified.
- ii. There was a reportable condition required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.

The reportable condition disclosed was not considered a material weakness as defined by the Government Auditing Standards.

- iii. There was an instance of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of federal awards

- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed no audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:
 - CFDA #14.855 Section 8 Rental Vouchers Program
 - CFDA #14.872 Public Housing Capital Fund Program
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

**Housing Authority of the City of Minden
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002**

PART II - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and title: **02-F1** **Undocumented Vendor Expenses**

Entity-wide or program/department specific: This finding is limited to Public Housing.

Criteria or specific requirement: Effective internal controls should provide documentation of a purchase and approval of purchases.

Condition found: A test of vendor disbursements yielded the following :

One check did not have a purchase order attached.
There were two instances where the documentation was not canceled.
There were two instances where the payments had no approval.

Possible asserted effect (cause and effect):

Cause: Unknown.

Effect: Payments noted above lack documentation required by Housing Authority procedures.

Recommendations to prevent future occurrences: Invoices lacking proper documentation and approval should not be paid.

Reference # and title: **02-F2** **Unsecured Deposits**

Entity-wide or program/department specific: This comment applies to the entity as a whole.

Criteria or specific requirement: Louisiana Revised Statutes Title 39 - Public Finance addresses collateralization requirements for public funds. Specifically, LSA-R.S. 39:1218 and LSA R.S. 39:1225 require that fiscal agents of a depositing authority, such as the Housing Authority, provide security at all times equal to one hundred percent of the amount of collected funds. The securities should be of the types outlined in LSA-R.S. 39:1221.

Condition found: At June 30, 2002, the Housing Authority had \$695,610 on deposit with one depository. FDIC covered \$100,000 of deposits and the bank had pledged collateral with a market value of \$506,405 at June 30, 2002. The remaining \$89,205 was uncollateralized.

Proper perspective for judging the prevalence and consequences: The Housing Authority had total deposits of \$794,029 at June 30, 2002. \$695,610 was on deposit with one depository listed above. The source of the deposits is primarily derived from dwelling rental payments and Section 8 management fees. The remaining \$98,419 was on deposit with another depository.

Possible asserted effect (cause and effect):

Cause: Unknown.

Effect: The Housing Authority is in violation of state statutes concerning pledged collateral at June 30, 2002.

Recommendations to prevent future occurrences: The Housing Authority should periodically contact the depositories to ensure that adequate collateral has been pledged in the Housing Authority's name.

Housing Authority of the City of Minden

Other Information

The information in the following section concerns management's actions or intentions concerning prior- and current-year audit findings and is required by U. S. Office of Management and Budget (OMB) Circular No. A-133. This information has been prepared by the management of the Housing Authority. Management accepts full responsibility, as required by OMB Circular No. A-133, for the accuracy of the information. This information has not been audited by the auditors except as required by OMB Circular No. A-133 Section 500(e), and accordingly, no opinion is expressed. Section 500(e) requires the auditor to follow up on prior audit findings, perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings prepared by the auditee, and report, as a current-year audit finding when the auditor concludes that the Summary Schedule of Prior Audit Findings materially misrepresents the status of any prior audit finding.

**Housing Authority of the City of Minden
Summary Schedule of Prior-Year Findings
June 30, 2002**

There were no audit findings reported for the year ended June 30, 2001.

**Housing Authority of the City of Minden
Corrective Action Plan For Current-Year Audit Findings
As of and for the Year Ended June 30, 2002**

Reference # and title: 02-F1 Undocumented Vendor Expenses

Condition: Effective internal controls should provide documentation of a purchase and approval of purchases.

A test of vendor disbursements yielded the following :

One check did not have a purchase order attached.
There were two instances where the documentation was not canceled.
There were two instances where the payments had no approval.

Corrective action planned: The Housing Authority has hired a new director effective January 1, 2003. He has been informed of this finding and will review the approval policies of the Housing Authority for invoice approval and proper documentation. This finding will be emphasized to the staff to ensure proper documentation for expenses in the future.

Contact person responsible for corrective action:

Chundra L. Jones, Interim Executive Director
Housing Authority of the City of Minden
1209 East Street
Minden, Louisiana 71055

Telephone: (318) 377-1077
Fax: (318) 377-6252

Anticipated completion date: Immediately.

Reference # and title: 02-F2 Unsecured Deposits

Condition: Louisiana Revised Statutes Title 39 - Public Finance addresses collateralization requirements for public funds. Specifically, LSA-R.S. 39:1218 and LSA R.S. 39:1225 require that fiscal agents of a depositing authority, such as the Housing Authority, provide security at all times equal to one hundred percent of the amount of collected funds. The securities should be of the types outlined in LSA-R.S. 39:1221.

At June 30, 2002, the Housing Authority had \$695,610 on deposit with one depository. FDIC covered \$100,000 of deposits and the bank had pledged collateral with a market value of \$506,405 at June 30, 2002. The remaining \$89,205 was uncollateralized.

Corrective action planned: After receiving this finding the bank has been contacted by the Housing Authority's fee accountant. The bank ensured the Housing Authority the collateral would be reviewed and corrected. The new director has been informed to quarterly verify the collateral with the bank to ensure coverage of all funds.

Contact person responsible for corrective action:

Chundra L. Jones, Interim Executive Director
Housing Authority of the City of Minden
1209 East Street
Minden, Louisiana 71055

Telephone: (318) 377-1077
Fax: (318) 377-6252

Anticipated completion date: Immediately.

